

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

_____)	
CROWN CLOTHING CORPORATION,)	
Plaintiff)	
)	
v.)	CIVIL ACTION NO. 05-10049 (NG)
)	
RANDCORE, INC.,)	
RAND INTERNATIONAL TRADING,)	
INC., ANDRE BERNARD, AND)	
RONALD BERNARD,)	
Defendants)	
_____)	

AFFIDAVIT OF ROBERT R. GRACI

1. I am the Vice President of Crown Clothing Corporation ("Crown Clothing") and I have personal knowledge of the facts set forth in this Affidavit.

2. Crown Clothing is a Massachusetts corporation with a principal place of business at 340 Vanderbilt Avenue, Norwood, MA 02062. Crown Clothing is a designer and importer of men's suits, sportcoats, overcoats and raincoats which it sells to retail stores throughout the United States.

3. Crown Clothing also maintains a small sales office in New York, NY (the "New York Office"). The New York office is staffed by 3 employees and is used as a sales office only.

4. On or about March 1, 1995, Crown Clothing entered into an agreement with Randcore, Inc. ("Randcore"), a copy of which is attached as Exhibit A to the Amended Complaint (the "Agreement"). Pursuant to the Agreement, Randcore and its principal Andre Bernard agreed to represent Crown Clothing's interests and to serve as agent for Crown Clothing in the Czech Republic, Slovakia and Bulgaria.

5. I did most of the negotiations of the terms of the Agreement on behalf of Crown Clothing. The negotiations were conducted by telephone and fax between me and Andre Bernard, on behalf of Randcore, while I was in Massachusetts and Andre Bernard was in New York. I drafted the Agreement in Massachusetts and then mailed it to Andre Bernard in New York. Andre Bernard signed the Agreement on behalf of Randcore and mailed the executed Agreement to me in Massachusetts.

6. In 1997, pursuant to Randcore's Agreement with Crown Clothing, Andre Bernard introduced Crown Clothing to Albena Style AD ("Albena Style"). Albena Style is a clothing manufacturer located in Dobrich, Bulgaria. In 1997, Andre Bernard negotiated a contract on behalf of Crown Clothing to have Albena Style manufacture men's overcoats for Crown Clothing. Andre Bernard contacted me in Massachusetts during the course of the negotiations to discuss the terms of the contract with Albena Style. Substantially all of these discussions were conducted over the telephone between Andre Bernard and me while I was in Massachusetts.

7. During my discussions with Andre Bernard regarding the Albena Style contract, Andre Bernard represented to me over the telephone while I was in Massachusetts that Albena Style could not provide linings for overcoats that Albena Style would manufacture for Crown Clothing. Andre Bernard also represented to me that his company, Rand International, Inc. ("Rand") would purchase and provide linings to Albena Style to be sewn into the overcoats and that he would send invoices to Crown Clothing for the cost of the linings provided to Albena Style.

8. Since 1997 Crown Clothing has purchased numerous overcoats from Albena Style.

9. In connection with his services under the Agreement, Andre Bernard and Representatives of Randcore, sent samples of garments being manufactured by Albena Style to Crown Clothing in Massachusetts for purposes of quality control.

10. In addition, since 1997, Andre Bernard and representatives of Randcore and Rand sent faxes and emails and placed telephone calls to Crown Clothing in Massachusetts in connection with the Agreement and the linings. True and accurate copies of Crown Clothing's telephone bills from 2001, 2002, 2003 and 2004 showing incoming telephone calls to Crown Clothing in Massachusetts are attached hereto as Exhibit A. I have highlighted each of these calls from Andre Bernard, Randcore and Rand. There are approximately 686 incoming telephone calls reflected on these bills. True and accurate copies of emails from Andre Bernard and representatives of Randcore and Rand are also attached hereto as Exhibit B and Exhibit C, respectively.

11. Pursuant to the Agreement, Randcore sent invoices to Crown Clothing in Massachusetts for commissions earned under the Agreement. A copy of a typical invoice from Randcore is attached hereto as Exhibit D. Since 1999, Randcore has sent 154 invoices to Crown Clothing in Massachusetts for commissions. Crown paid Randcore on these invoices with wire transfers and checks drawn on Crown Clothing's bank that was located in Massachusetts.

12. Since 1997, Andre Bernard, through his company Rand, sent invoices to Crown Clothing in Massachusetts for linings allegedly sewn into the overcoats manufactured by Albena

Style and sold to Crown Clothing. Since, 1999, Rand has sent 161 invoices to Crown Clothing in Massachusetts for linings. A copy of a typical invoice from Rand is attached hereto as Exhibit E.

13. Each invoice sent to Crown for the linings stated the quantity of linings and provided the unit price for each lining. Crown Clothing and I relied on these invoices as a true representation of linings provided by Rand to Albena Style. In reliance on these invoices, Crown paid Rand with wire transfers and checks drawn on Crown Clothing's bank that was located in Massachusetts.

14. Andre Bernard periodically met in Massachusetts with Crown Clothing representatives, including me, to discuss issues relating to the Agreement and the linings. Most recently, Andre Bernard met with Crown Clothing representatives in Massachusetts on or around November 2004, July 2004, September 2003 and September 2002.

15. Since 1997, the unit price for the linings has changed three (3) times from \$2.63, \$2.88 and \$3.21 per lining. These changes were a result of negotiations between me and Andre Bernard on behalf of Rand. The negotiations were conducted by telephone and by fax. Many of these negotiations were initiated through telephone calls made by Andre Bernard to Crown Clothing in Massachusetts. See copies of Crown Clothing's telephone records attached hereto as Exhibit A.

16. Since 1997, Crown Clothing has paid Rand approximately \$985,575 for linings to be installed in overcoats manufactured by Albena Style for Crown Clothing.

17. In September, 2004, in a telephone conversation I had with the Executive Director of Albena Style while I was in Massachusetts, I learned, through an English speaking interpreter, that since 1997, Albena Style had purchased and installed linings in the overcoats manufactured for Crown Clothing by Albena Style and that the cost of these linings was included in the invoiced price paid by Crown Clothing to Albena Style.

18. When Crown Clothing confronted Andre Bernard with the fact that Albena had provided linings for the overcoats, Andre Bernard drove to Crown Clothing's offices in Norwood Massachusetts to meet with me and Richard Silverman to attempt to resolve the linings issue.

19. In addition to Albena Style, Andre Bernard introduced Crown Clothing to other clothing manufactures in Bulgaria. Andre Bernard negotiated contracts on behalf of Crown Clothing with Moni MSD ("Moni") and Pioner Fashion Garments ("Pioner") in or around 1998 and 1999, respectively. Andre Bernard contacted me in Massachusetts during the course of the negotiations with Moni and Pioner to discuss the terms of the respective contracts. Andre Bernard has also sent invoices to Crown Clothing in Massachusetts for commissions earned under the Moni and Pioner contracts. Substantially all of the discussions between me and Andre Bernard were conducted over the telephone while I was in Massachusetts.

20. Litigating these claims in New York will place an unfair burden on the Crown Clothing. Crown Clothing conducts almost all its business in Massachusetts. I am key officer of Crown Clothing and I run the day to day operations of Crown Clothing. I was primary person involved in the negotiations with Andre Bernard in connection with the Agreement, the contract with Albena and the purchase of linings from Rand. If Crown Clothing is required to litigate this

action in New York I will be forced, as key officer in the corporation and a key witness in the litigation, to participate in discovery and attend hearings and proceedings in New York. This would have a severe impact on the day to day operations of Crown Clothing and its ability to conduct its business, which has already sustained substantial damages resulting from actions of Randcore, Rand and Andre Bernard.

Signed under the penalty of perjury this 23rd day of February, 2005.

/s/ Robert R. Graci
Robert R. Graci